

**MINUTES OF THE CITY OF LAS VEGAS CITY COUNCIL SPECIAL MEETING HELD ON
MONDAY, SEPTEMBER 25, 2017 AT 6:00 P.M. IN THE CITY COUNCIL CHAMBERS**

MAYOR: Tonita Gurulé-Girón

COUNCILORS: David L. Romero
David A. Ulibarri, Jr.
Barbara A. Casey
Vincent Howell

ALSO PRESENT: Richard Trujillo, City Manager
Casandra Fresquez, City Clerk
Corinna Laszlo-Henry, City Attorney
Juan Montano, Sergeant at Arms

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

MOMENT OF SILENCE

Councilor Ulibarri, Jr. asked for guidance on the decisions that need to be made and prayers for all community members that are ill.

APPROVAL OF AGENDA

Councilor Casey made a motion to approve the agenda as presented. Councilor Romero seconded the motion. Mayor Gurulé-Girón asked for roll call. Roll Call Vote was taken and reflected the following:

David A. Ulibarri, Jr.	Yes	David L. Romero	Yes
Barbara A. Casey	Yes	Vincent Howell	Yes

City Clerk Fresquez re-read the motion and advised that the motion carried.

PUBLIC INPUT

Irene M. Graston at 1110 Salazar Street thanked Mayor and Council and expressed her concerns on what is happening in Las Vegas. Ms. Graston stated she has been unable to reach the Chief of Police for three months to report an incident that happened at her mother's residence on Mora Street involving dogs that killed her mother's dog. Ms. Graston stated she was able to speak to Commander Gonzales who was very helpful and hopes that something will be done with these dogs in the area.

Ms. Graston continued to voice her concerns about the community's drug problem and people wondering around at all hours of the night from nearby boarding homes.

Ms. Graston pleaded with Mayor and Council to focus on the people in the community and their needs and asked Chief Montano to look into why the 911 operators are not answering calls during the night hours.

PRESENTATION

Deputy State Auditor Sanjay Bhakta stated that the state auditor's office had received a call from a councilor requesting a presentation to explain the process of a special audit. Mr. Bhakta introduced Kevin Sourisseau, Director of investigations who would explain the process of a special audit. Mr. Bhakta further stated that sometimes their office designates a special audit or an entity requests a special audit that may be conducted by the state auditor's office, if resources are not available, then there is a process where an IPA conducts the audit that goes through the state auditor's office and a review process is then conducted. Mr. Bhakta then turned over the presentation to Mr. Sourisseau to go through the steps of how these audits are conducted and what the options are.

Mr. Sourisseau stated that if an entity approaches them with concerns and they want a special audit conducted, there are a couple of different directions that they can go and sometimes there is some opposition or some reason our help is needed, then we designate that entity if there is a fair amount of complaints, then our executive team decides they can designate and basically the designation pushes the special audit upon the agency. Mr. Sourisseau further stated, in the case where an agency approaches the state auditor's office with concerns and would like the office to look into the budget or cash issues, procurement issues or grant issues, their office can assist the entity in having that special audit performed. Mr. Sourisseau also mentioned that the auditor's office does not necessarily need to designate if the agency, a few councilors or the governing body is going to them for assistance, then they are happy to assist that agency.

Mr. Sourisseau stated that they use the tool of designation if there are records that are missing, they do have administrative subpoena power and they don't have the opportunity to use that unless they go through an official designation process. Mr. Sourisseau further stated that typically when an agency approaches them, the designation process is not necessary as they have the cooperation of the entity and their staff is directed to work with them as though they were invited in and if there is no need to do a subpoena, then they don't necessarily need to designate. Mr. Sourisseau expressed that there are designated audits and non designated audits and would explain the state auditor's involvement in those audits.

Mr. Sourisseau stated that whether they designate or not, the state auditor's office is involved in developing the scope of work, therefore they will sit down with the entity and discuss their concerns, they look at fact finding, look at records if necessary and start developing a scope of work and what that does is help when the auditors start their work if it's put out to bid they will have a good idea when they look at the scope of what the audit will entail. Mr. Sourisseau continued to explain once the scope of work is developed, then its decided whether the state auditor's office will perform the audit should they have the resources to do so as they have limited staff, if not then they bring the scope of work to the agency and discuss the scope with them and the entity looks at a list of state auditor approved firms, prepare a request for proposal and request the firms from their list respond to the RFP; once that process is complete, the entity would forward the contract to the state auditor's office for approval and then the

work begins and the IPA checks in with the auditor's office a little more frequent than with the financial audits.

Mr. Sourisseau stated that because there are different standards and approaches, the state auditor's office attends progress meetings and at the end of the audit work, a report will be forwarded to them for review and they will make recommendations for changes, ask questions about the audit report and once the audit report is finalized, the state auditor's office will do a formal release of that report which will become public and shared. Mr. Sourisseau also stated that there is a cost for the special audit whether the state auditor's office performs it or an outside IPA firm.

Mayor Tonita Gurule-Giron asked what a ball park figure would be.

Mr. Sourisseau stated that it depended on how focused the scope of work is and what the auditors discover along the way, which there could be auditor amendments which include expansion of the scope in that there may be a lot of areas that they need to look at.

Mr. Sourisseau further explained that what the state auditor's office likes to do before they get to a special audit if the issues that go to them are within the current fiscal year, they can sometimes take some of the small issues and have the current auditor that is currently performing the financial audit look at those issues without additional cost, however if the issues are from previous fiscal years, then a special audit would need to be performed.

City attorney, Corinna Laszlo-Henry asked what the purpose of the special audit as opposed to the annual financial audit for example fraud waste and abuse.

Mr. Sourisseau stated that during the financial audit, the auditors are doing an examination, they are providing an opinion on the agencies financial statements, they could provide a modified opinion if the agency does not have good enough records.

City Attorney Laszlo-Henry asked if the scope is the agreed upon procedures of the purpose of a special audit.

Mr. Sourisseau stated there are different standards that may be used which are agreed upon procedures which is not an examination and is very specific and narrow.

City Attorney Laszlo-Henry stated that in looking at the state auditor's rules governing special audits, they don't address the non designated process; there are the confidential reports, fraud waste or abuse with some specificity followed by a letter of designation.

Mr. Sourisseau stated there is a section on agency initiated special audits that basically states an agency can choose to do a special audit and that is where the regulations bring the state auditor's office into the loop to review the contract and the report.

City Attorney Laszlo-Henry asked in the case where you have a municipal corporation electing to put such a decision to a vote, whether or not to call for a special audit and how would that get framed then for specificity purposes such that it is not duplicative of what is already going on in the financial audit and it's not something that was identified by the financial audit or by a confidential allegation or report. City Attorney Laszlo-Henry asked what some other examples are where a governing body would be seeking help from the auditor's office.

Mr. Bhakta explained the difference between an annual financial audit and a special audit is that a financial audit's purpose is not to detect fraud, it is to look at the annual financial statements to include revenues, expenditures and payroll which is based on the test work and if they find something, it would be reported as non compliance, however it would not detect fraud. Mr. Bhakta further explained that a special audit looks at a problematic issue such as procurement or a hiring practice that was not followed. The difference between a designation and an agency initiated audit is that when the state auditor's office hears through complaints that there are issues at an agency and there are too many complaints and they are all pointing to a particular direction, they generally talk to that agency, but if the agency is resistant, then the auditor's office has no option but to designate and impose an audit.

City Attorney Laszlo-Henry asked would it not be appropriate given the confidentiality rules and questions about the scope for such allegations to be addressed with the entity in a confidential setting if there's reason, then that should be part of the decision being made tonight.

City Attorney Laszlo-Henry stated that she has not heard the basis or the allegation to bring the municipality to request the special audit and as a matter of due process that a confidentiality of reporting makes sense to her, notice and an opportunity to know what those allegations are and whether they are necessarily auditable and if they have to do with budgetary issues were Ms. Laszlo-Henry's concerns.

Mr. Bhakta stated that the concerns or issues are confidential and the governing body would need to discuss those issues and agree on the items to be looked into and then meet with the state auditor's office to discuss and come up with the final scope of work.

City Attorney Laszlo-Henry stated that the item on the agenda being as broad as it is could be a potential one hundred thousand dollar burden to the City and would need to know as well as the governing body as to what it's supposed to cover that's different from the financial audit. City Attorney Laszlo-Henry further stated that executive session would give them that opportunity to discuss those items.

Councilor Howell stated that he understands they would be working with the state auditor's office in a private setting to define the scope of work.

Mr. Bhakta stated that the state auditor's office would help the governing body define their scope and the success of the audit depends on the scope, if it is vague then it's more costly than if the items are specifically defined so the IPA would know exactly what they are looking for.

Mayor Gurule-Giron stated that it would appear that the governing body would need to meet prior in a closed session before acting on the item on the agenda.

Mr. Bhakta added that the state auditor knows what the allegations are and if they felt that the city's financial auditor could address the issues, then they would

take that route as it would be cheaper for the agency, but when there are items that are outside the scope of the financial auditor then a special audit is required. Mr. Bhakta added that auditor Tim Keller was contacted by one of the councilors and they've also seen some hot line complaints.

Mr. Sourisseau stated that the auditor's office had both the City of Las Vegas reach out to them for assistance as well as the hot line complaints.

City Attorney Laszlo-Henry encouraged and recommended the governing body to go into executive session prior to voting on the agenda item so that all members of the governing body as well as administrative staff are informed of the issues and to define what the next steps for staff are to prepare and cooperate with the state auditor's office. City Attorney Laszlo-Henry added that the language of the business item should remain as is as to keep the confidentiality as the concerns are allegations and the process will allow for the fact gathering and the auditors will then make those findings.

Mayor Gurule-Giron stated that the agenda would need to be amended in order to go into executive prior to the business item.

Councilor Howell stated that he had been asking for a forensic audit for quite some time and has been denied that throughout the year and has asked the general audit firm if they could perform a forensic audit and they replied they could not. Councilor Howell added that he wanted this forensic audit to have a complete financial transparency of the city's status for the public and for the Council.

Councilor Howell further added that he believes in order to discuss and define the scope of work the business item would need to be approved to start the process.

Mr. Bhakta informed Councilor Howell that a special audit does not include every transaction to be looked at and scrutinized, a special audit focuses on specific transactions and if a forensic audit was requested, that would cost millions of dollars.

After further discussion, City Attorney Laszlo-Henry recommended that the governing body move to go into executive session to understand what kind of issues or allegations they are facing as it is important to know the specifics.

Councilor Howell stated that he felt the business item should be voted on and then the specifics can be discussed in executive session.

Councilor Casey stated that she felt the city attorney and mayor were working very hard to make sure that the business item would not be voted for so that there would not be an audit and if there weren't concerns that were serious enough the state auditor's office would not be in attendance this evening.

City Attorney Laszlo-Henry clarified the reason she recommended to go into executive session was so that the entire governing body would know the specific allegations and the purpose for the special audit prior to voting on the business item.

Mayor Gurule-Giron thanked the auditor's office for their presentation.

BUSINESS ITEMS

1. Approval/Disapproval of a special audit by the State Auditor's Office to include all findings of the special audit to be shared with the appropriate agencies.

Councilor Howell made a motion to approve a special audit by the State Auditor's Office to include all findings of the special audit to be shared with the appropriate agencies. Councilor Casey seconded the motion. Mayor Gurulé-Girón asked for roll call. Roll Call Vote was taken and reflected the following:

David L. Romero	Yes	Barbara A. Casey	Yes
Vincent Howell	Yes	David A. Ulibarri, Jr.	No

EXECUTIVE SESSION

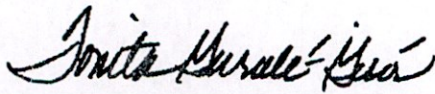
City Manager Trujillo advised that there was no need for Executive Session at this time.

ADJOURN

Councilor Casey made a motion to adjourn. Councilor Howell seconded the motion. Mayor Gurulé-Girón asked for roll call. Roll Call Vote was taken and reflected the following:

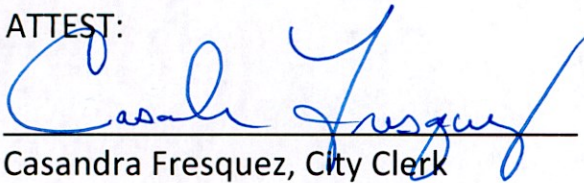
Vincent Howell	Yes	David A. Ulibarri, Jr.	Yes
Barbara A. Casey	Yes	David L. Romero	Yes

City Clerk Fresquez re-read the motion and advised that the motion carried.



Mayor Tonita Gurulé-Girón

ATTEST:



Casandra Fresquez, City Clerk